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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2015-00100 & 00101

PUBLIC SERVICE  
COMMISSION

In the Matter of:

An Investigation of Cedar Hills Disposal Sanitation Corporation and Friendly Park Development Inc.'s NOTICE OF INTENT TO ABANDON

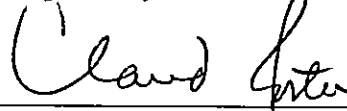
**NOTICE OF FILING PROPOSED FINDINGS OF FACTS**

1. Cedar Hills Disposal Sanitation Corporation is a for-profit sewer company operating in Daviess County Kentucky and serving the Cedar Hill Subdivision.
2. Cedar Hill provides sewage service to the public for compensation and is a utility subject to the Commission's jurisdiction.
3. Friendly Park Development Inc., is a for-profit sewer company operating in Daviess County Kentucky and serving the Friendly Park Subdivision.
4. Friendly Park provides sewage service to the public for compensation and is a utility subject to the Commission's jurisdiction.
5. By letter dated March 30, 2015 Cedar Hills and Friendly Park each tendered a letter to the Commission requesting authorization to "discontinue all services to its customers in Daviess County Kentucky."
6. Cedar Hills and Friendly Park cited losing money and inability to afford the plants continued operation; the operator's declining health and increased maintenance costs.
7. On April 2, 2015 the Commission began this action to investigate Cedar Hills and Friendly Park's request to abandon their facilities.
8. By order entered May 1, 2015 the Commission granted Daviess County Fiscal Court's motion to intervene in this matter. There are no other intervenors.
9. Regional Water Resource Agency (RWRA) is the joint sewer agency in Owensboro/Daviess County Kentucky.
10. Daviess County and RWRA met several times with the Commission and or its staff to discuss details and potential alternatives regarding the abandonment proceedings by Cedar Hills and Friendly Park.
11. Applicant and Daviess County, by joint motion, and the Commission's approval agreed to extend the procedural deadlines and requests for information to July 1, 2015 to investigate potential resolutions of this matter.
12. Daviess County, RWRA and the Commission held an informal conference on June 9, 2015 to discuss the Department of Water discharge permit status for both facilities; funding issues for the continued operation of the facilities and potential funding sources.
13. On July 10, 2015 Cedar Hills and Friendly Park filed written responses to the Commission's Staff requests for information and formally stated that they intended to close and cease all operations.
14. Cedar Hills and Friendly Park continue to operate the sewer treatment facilities from the date of their request to abandon to February 23, 2016 the date of the public hearing to abandon.

15. On October 8, 2015 Daviess County, in written response to the Commission's staff, noting it paid \$25,000.00 to RWRA to fund RWRA's inspection of both facilities and included the inspection reports with their response.
16. The inspection reports identified substantial problems with both entities' facilities resulting from deferred maintenance.
17. Daviess County also identified issues to address before it or any entity could assume responsibility for the systems, including financing and discharge permits.
18. The Commission held an informal conference on October 15, 2015 and noted that the Cedar Hills Plant fit into RWRA's 9 to 10 year plan but Friendly Park was not within any long term plan for connection.
19. RWRA indicated at the October informal conference that RWRA did not intend to own or operate the plants and must find and secure adequate funding to repair the plants before serving in any capacity.
20. The facilities owner, Scott Lewis, agreed to apply for Department of Water discharge permits.
21. Scott Lewis purchased the utilities in 1996 and operated them continuously since.
22. Cedar Hills has applied for a discharge permit effective March 1, 2016 for two years.
23. Cedar Hill provides sanitation service to 125 customers and continued to provide service since its notice of intent to abandon.
24. Friendly Park provides sanitation service for 69 single-family home customers, along with mobile home park, and pending a request for discharge permit from the Division of Water and continued to provide service since its notice of intent to abandon.
25. Friendly Park and Cedar Hills operated by Eugene Richeson, who operated facilities for more than 35 years. Richeson has health problems and may not be able to perform the work required to operate the facilities.
26. Owner will surrender all rights to real and personal property of utilities necessary to operate and continue service of the utilities.
27. For tax year 2013 Cedar Hills reported loss of more than \$18,000.00; and for tax year 2014 a loss of more than \$9,000.00
28. For tax year 2013 Friendly Park reported a profit of \$735.00 and for tax year 2014 a loss of more than \$ 700.00
29. Both will report losses for tax year 2015; Owner pays losses for each month from Owner's personal funds.
30. Rates at Cedar Hills currently \$ 15.25/month; at Friendly Park rates currently \$11.50/month.
31. Owner has not requested rate increase for either utility since 2000.
32. Owner owns no other regulated utilities
33. Cedar Hills replaced pump in 2013 for \$20,000; last major expense for either utility.
34. Owner estimates expense to repair physical plant at more than \$500,000.00 for which he could not secure financing.
35. Owner has not discussed with utility customers about assuming responsibility for plants.
36. Owner advertised in newspaper and met with one or two others who might have some expertise to operate facility.
37. No certified operator identified by owner; no contingency for operation if current operator could not continue.

38. RWRA inspected both utilities collection systems that were accessible at request of Daviess County Fiscal Court
39. Plants are in apparent disrepair, estimated cost to repair Cedar Hills collection pipes exceeds \$500,000.
40. RWRA estimated cost to connect to Cedar Hills is over \$1,000,000; cost to replace plant exceeds \$800,000.
41. Cedar Hills is within RWRA 201 plan, but has not advanced past year five of RWRA's five year capital plan; Friendly Park is not within RWRA 201 plan, meaning that RWRA has no plans to provide service in the area. The 5 Year Capital Plan is strictly for Planning Purposes, and does not commit RWRA to construct any facility.
42. Replacement cost of Friendly Park plant exceeds \$600,000.00; repair of collection pipes exceeds \$100,00.00
43. RWRA identified a lot 5451 Gerald Court, owned by Scott Lewis, as site for new plant; lot needed to build new plant while existing plant remains in service.
44. RWRA identified areas for conditions to as receiver:
  - a. Agreed order with Division of Water to separate RWRA from the package plants potential violations to avoid problems with EPA and RWRA Consent Judgement
  - b. Transfer of all private property to Corporations including easements and discharge permits necessary to operate facility, including 5451 Gerald Court.
  - c. Corporations to remain viable during receivership status.
  - d. Corporations to pay for decommissioning at end of receivership.
  - e. Permits to remain active during receivership.
45. Owner agreed to use all reasonable efforts to insure transfer of 5451 Gerald Court to Friendly Park Sanitation Corporation, recognizing that the failure to provide this lot substantially increases costs for a replacement facility.
46. Cedar Hills collection system requires immediate substantial repair to insure continued operation during receivership
47. RWRA anticipates possible KIA loan application and funds to help with the costs to repair Cedar Hills, and Daviess County anticipates a possible KIA loan in connection with replacing the Friendly Park facility.
48. Operating the Cedar Hills and Friendly Park waste water treatment plants under RWRA's name undermines RWRA ability to deal with the EPA under the Consent Judgement.
49. RWRA will set rates for the utilities under receivership under KRS 76.231 and permit water discontinuance under KRS 76.090

Respectfully Submitted;



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Owensboro, KY 42302  
(270) 685-8424

**CERTIFICATE OF SERVICE**

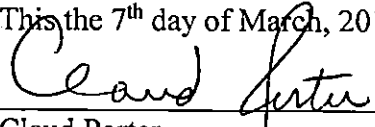
I certify that I served a true and correct copy of the foregoing Motion to Intervene upon the following by mailing same via First Class U.S. Mail, postage pre-paid on this 7th day of March, 2016.

Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Blvd.  
Frankfort, KY 40602-0615

Cedar Hills Disposal Sanitation Corporation  
Scott Lewis  
101 North Main Street  
Beaver Dam, KY 42320

A.V. Conway  
Conway & Keown  
124 W. Union St.  
P.O. Box 25  
Hartford, KY 42347

This, the 7<sup>th</sup> day of March, 2016

  
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Claud Porter  
Daviness County Attorney